



FACTS ON FILE

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WORLD AFFAIRS

DISARMAMENT

U.S. Asks Arms Destruction. Harold E. Stassen, chief U.S. delegate to UN Disarmament Subcom. talks in London, presented plans June 26 for the reduction of non-nuclear armaments through the listing, sequestration & eventual destruction of such weapons by the U.S., Britain, France & USSR. The new proposal, described by U.S. negotiators as a substantial step toward meeting the problem of conventional disarmament, was said to have been formulated to counter repeated Soviet demands for an unsupervised 15% arms reduction by the major powers. U.S. delegates, despite skepticism expressed by other Western envoys, asserted that Soviet delegate Valerian A. Zorin had indicated agreement in principle with the plan [See pp. 193E3, 114E3]

The new U.S. plan provided for: (1) The negotiation of equalized Big 4 armament lists to include "substantial amounts of specific quantities of [weapons], significant in kind & of post-World War II manufacture," the lists to form the annex of a first stage disarmament treaty. (2) Removal of the listed weapons to include tanks, missiles and active ships & aircraft, to disarmament depots located within the U.S., Britain, France & USSR but supervised by an international inspection force. (3) Destruction of the sequestered weapons, or their conversion to peaceful usage, to begin one yr. after completion of the sequestration.

Troop Cuts, A-Ban Linked. Stassen, in outlining U.S. disarmament plans in the London meeting June 20, had presented a U.S. offer to reduce U.S. & Soviet armed forces below the 2.5 million man level heretofore considered the minimum figure acceptable to the U.S. Speaking with the apparent support of the British, French & Canadian delegations, Stassen said that the troop reduction plan & previously discussed nuclear test suspension proposals would be a

firm basis for negotiation of an international disarmament accord. The Western & Soviet delegations were said to have already agreed on the need for aerial inspection as a 3d condition for any arms accord. [See pp. 193E1, 138D3]

Elaborating on the U.S. troop reduction proposals, Stassen emphasized to the Subcommittee June 25 that the success of any troop control plan rested on "improved political conditions," among them a solution of German unification acceptable to the West German Govt. Stassen said that if assured of improved political conditions, the U.S. would agree to reduce its armed manpower, in 3 phases: to 2.5 million, then 2.1 million, then 1.7 million men. Soviet delegates reportedly criticized the continued U.S. effort to make an arms accord dependent on a European political settlement. [See pp. 194A-F1, 193E1, 169B-F2]

Dulles on Arms Accord. State Secy. John Foster Dulles told newsmen June 25 that, although he felt neither discouraged nor optimistic about recent progress toward a disarmament accord, the USSR's "almost morbid fear" of foreign intrusion would make negotiation of an inspection agreement "a task of immense difficulty." Dulles, who conceded that a disarmament treaty might be "a matter to take up [in the Senate] next January," reaffirmed these U.S. conditions for any arms accord: (1) diversion of nuclear stocks & production to peaceful use; (2) designation of zones for testing an aerial inspection system; (3) some reductions in conventional arms & manpower. [See p. 185G1-D2]

(Dulles, in a letter to Senate majority leader Lyndon B. Johnson [D., Tex.], abandoned June 21 as "premature" his earlier proposal that a bipartisan Senate delegation be sent to observe the UN disarmament talks in London. However Dulles said that Pres. Eisenhower had concurred in a new proposal that the Senate leadership designate a Senatorial group to be fully briefed & consulted on U.S. disarmament policy and be available for a later visit to the London talks. Johnson, who tentatively suggested June 21 the designation of the Senate Disarmament Subcom. headed by Sen. Hubert H. Humphrey [D., Minn.], rejected the new Dulles proposal June 24 after Dulles apparently had declined to accept use of the subcommittee.) [See p. 193F2]

Gromyko Vs. U.S., NATO. In a statement read June 25 to Western correspondents, who had been summoned by a Soviet Forgn. Minister for the first time in 4 years, Soviet Forgn. Min. Andrei A. Gromyko

Week in Headlines

International

U.S. offered plan for conventional arms reduction by Big 3.

UN committee scored USSR in report on Hungary.

Polish, East German Communist parties adopted Tito-like stand on freedom from Soviet control.

UN announced plans to strengthen Korean forces.

Kishi ended Washington talks.

Diefenbaker Canadian Prime Min.

United States

President called for study of revision of Fed.-State tax system.

Civil Rights bill forced to floor in Senate.

Senate passed Hell's Canyon dam authorization bill.

Admin. financial policy studied in Senate hearings: other Senate probers aired charges against Bakkers Union chief.

charged the U.S. with launching a campaign to "warm up war hysteria" & wreck the London disarmament talks. Gromyko denounced NATO Cmndr. Lt. Gen. Lauris Norstad's June 7 statement to the Senate Forgn. Relations Com. (made public June 12) that NATO forces were capable of the "absolute" destruction of Soviet war potential. Gromyko demanded that the U.S. put Norstad in his "place" or else the USSR would assume that the London talks were "a screen concealing [U.S.] strivings to . . . intensify the arms race." [See pp. 153B2, 123G2]

'Ike' On A-Ban, 'Clean' Bomb. Pres. Eisenhower told newsmen June 26 that although a nuclear test suspension might hinder peacetime atomic power progress & development of a nuclear bomb "clean" from radioactive fallout, the U.S. had "no intention of pulling back" from its previously announced conditions for an international A-test ban. Noting that nuclear scientists Ernest O. Lawrence & Edward Teller had assured him that with "4 or 5 yrs. to test each step of our development . . . we will produce an absolutely clean bomb," the President said that the U.S. would accede to "psychological factors & the fears of the world" and stand firm on its present nuclear test suspension offer [See 193D-E1]

(Pres. Eisenhower had met June 24 with Lawrence & Teller, dir. & associate director respectively of the U. of Calif. Radiation Lab., and Dr. Mark M. Mills, head of the lab's Theoretical Division. The 3 scientists told Mr. Eisenhower that radioactive fallout from H-bomb detonations already had been reduced by 95% and further work could produce an H-bomb with "essentially negligible" radiation. They also reported their belief that it now was possible to reduce the H-bomb to the size of a "nominal" atomic bomb & thus make possible

REFERENCES in brackets give location of background information in this & preceding volumes



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"clean" tactical H-weapons. The 3 scientists had first presented their views on fallout June 20 to a closed session of the Joint Congressional Atomic Energy Com.) [See pp. 162F-G1, 153E2]

Questioned by "N.Y. Daily News" reporter Francis M. Stephenson June 26 on whether the U.S. had any assurance that the USSR would use "clean" bombs in a nuclear attack, Mr. Eisenhower said: "I would hope that they would learn how to use clean bombs & would use them for the simple reason that then . . . the bombs used would be specific weapons instead of weapons of general & uncontrolled destruction." (James C. Hagerty, White House press secy., later revised the President's remark to read: "I would hope that they would learn how to use clean bombs, and, if they ever used atomic bombs, would use clean ones . . .")

State Secy. Dulles, commenting on U.S. conditions for an agreement on the suspension of nuclear tests, told newsmen June 25: although "the suspension of testing is not dependent upon coincident cut off" in use of nuclear materials for weapons production, "it is dependent upon a coincident agreement for a future cut-off" in nuclear arms production. Dulles said that while the U.S. would agree to a nuclear test ban without perfected inspection & diversion of fission materials, it probably would resume testing at the end of the suspension period if either inspection or diversion had not been "adequately established."

(The 5th nuclear device of the Atomic Energy Com.'s 1957 test series was detonated June 24 at the AEC's Nevada proving grounds. The balloon borne device exceeded scientific estimates of its power & ripped the doors from an AEC control bunker 14 mi. from ground zero.) [See p. 194G1]

SOVIET BLOC

UN Report on Hungary. A UN Special Committee on Hungary charged the USSR June 20 with armed repression of the 1956 Hungarian uprising against Soviet occupation & Stalinist rule. The 5-member committee (Alsing Andersen of Denmark [chrn.], Mongi Slim of Tunisia, Enrique Rodríguez Fabregat of Uruguay, R. S. S. Gunewardene of Ceylon & Keith C. O. Shann of Australia) detailed in a 150,000-word report its findings that Soviet armed forces had invaded Hungary to overthrow the legal revolutionary Govt. of ex-Premier Imre Nagy and impose a puppet regime led by Premier Janos Kadar. Prepared under a Jan. 10 UN Gen. Assembly resolution, the report was based on investigation of evidence provided by 111 witnesses, the majority Hungarian refugees. [See pp. 179B2, 11G1]

The report sketched an hour-by-hour history of the revolt & ensuing intervention by Soviet forces, which it estimated at from 75,000 to 200,000 men with 2,500 tanks & armored cars and 1,000 supporting vehicles. It charged that simultaneously with the

Oct. 30, 1956 withdrawal of Soviet forces from Budapest, new Soviet units were entering Hungary from Rumania & Czechoslovakia, so that "by the evening of 2 Nov., Hungary had to all intents & purposes been reinvaded." The report asserted that, following suppression of the revolt, "thousands" of Hungarians had been deported to Rumania & the USSR. [For detailed resumé of Hungarian revolt see Vol. XVI, pp. 347D2-A3, 355D1-356D3, 364E3-365E3, 376A2-378A2, 387A2-388C3; 395B3]

The committee report, written by Shann, presented these conclusions to the Gen. Assembly:

(1) The 1956 Hungarian revolt "was a spontaneous national uprising, due to long-standing grievances" based on "the inferior status of Hungary with regard to the USSR," and a Govt. system "in part maintained by the weapon of terror, wielded by the AVH [Hungarian secret police] or political police." (2) The uprising was led by Hungarians, "many of whom were Communists or former Communists," in hopes of installing "democratic socialism." (3) Charges that the revolt had been fomented by exiles or Western "imperialists" "failed to survive the committee's examination." (4) Although the revolt began Oct. 23, Soviet troops were moving "as early as 20 Oct. to make armed intervention in Hungary possible." (5) The first shots of the rebellion were fired Oct. 23 by AVH members guarding the Budapest Radio Bldg. (6) "Obscurity surrounds the invitation alleged to have been issued by the Hungarian Govt." for Soviet aid "in quelling the uprising by force" [see p. 94G2]. (Items 7, 8, 9, 10) "The few days of freedom enjoyed by the Hungarian people," their acceptance of Nagy as a "symbolic figure," the hatred shown toward AVH members and the growth of the Workers Council movement, all "provided abundant evidence of the popular nature of the uprising." (11, 12) Violations of the Hungarian peoples' "basic human rights," evident up to Oct. 23, 1956, were resumed on Nov. 4 with the "2d Soviet intervention." There "has been no evidence of popular support for Mr. Kadar's Govt." since Nov. 4, 1956. (13) Consideration of the Hungarian question by the UN, "requested by a legal [Nagy] Govt. of Hungary," was legally proper "in the light of the extent of foreign intervention."

U.S., Soviets on Report. The U.S. delegation to the UN announced June 21 plans for a meeting of 24 UN nations to consider calling a midsummer session of the Gen. Assembly to reopen the Hungarian question. Moscow radio ridiculed the UN report June 20 as a U.S. "propaganda bomb," "fabricated by false testimonies" & created by "dark machinations under the [UN] flag." The broadcast charged the inquiry committee with violating provisions against UN "interference in the internal affairs of member states." A Hungarian Govt. Forgn.

Office statement June 21 termed the UN report a "collection of lies" based on testimony by "political adventurers, common criminals & traitorous refugees." [See pp. 155C2, 12C1]

Other Hungarian News. Warsaw dispatches reported June 25 that ex-Premier Imre Nagy had been returned to Budapest from Rumania to stand trial for his role in the 1956 revolt. Hungarian ex-Pres. Zoltan Tildy, Smallholders' Party leader & a member of the 1956 Nagy Govt., was reported to have been freed June 16 following his arrest May 24 for questioning in connection with the expected trial of Nagy [see pp. 179B1, 4F3]. The Budapest CP newspaper "Nepszabadsag" disclosed June 16 the earlier arrest of the Rev. Egon Turecsanyi, secretary to Jozsef Cardinal Mindszenty. [See p. 170D2] . . . A Hungarian Supreme Court people's council confirmed death sentences June 20 for rebels Ilona Toth, Ferenc Goenczi & Miklos Gyoengyoesi and imposed new death sentences against journalist Gyula Obersovsky & playwright Joseph Gali, who originally were sentenced to prison for producing an anti-Govt. newspaper [see p. 115G1]. A Budapest court June 14 sentenced to death Mihaly Francia-Kiss, 70, on charges of having been a "white terrorist" during the 1919 Hungarian Communist Govt. of Bela Kun. The Intl. Comm. of Jurists estimated June 20 that the Kadar regime had executed 2,000 to 5,000 persons since repression of the 1956 revolt. [See p. 179F1]

The Hungarian Govt. ordered June 20 the ouster of Col. Welwyn F. Dalham, U.S. air attaché in Budapest, on charges of having photographed military objectives [see p. 179D1]. Hungarian Forgn. Ministry spokesmen charged the U.S. Legation in Budapest June 14 with "having a very active connection" with anti-Communists aiming at overthrow of the Kadar Govt. [see p. 170C3]. Hungary rejected June 14 Sen. William F. Knowland's (R., Calif.) proposal for a simultaneous withdrawal of foreign troops from Norway & Hungary. [See p. 185E2] . . . A U.S. House Forgn. Affairs Com. study group charged in a majority report May 18 that the Eisenhower Admin. had lost "the opportunity of our generation" by its "inaction" & failure to evolve a decisive policy toward the 1956 Hungarian revolt. [See Vol. XVI, p. 366B3] . . . Attorney Gen. Herbert Brownell announced May 15 liberalized parole requirements for entry of Hungarian refugees to the U.S. [see p. 155E2]. Dr. Auguste R. Lindt, UN High Comm. for Refugees, disclosed May 15 that

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Canada, Belgium, West Germany & France had offered to admit 8,000 of the Hungarian refugees remaining in Yugoslavia. [See p. 94D3]

'Pravda' on China Debate. The Moscow CP newspaper "Pravda" outlined for the Soviet people June 23 the current debate among Chinese Communists on "contradictions" in their society and charged that "right wing elements" had exploited freedom of discussion to launch a "furious" attack on China's Govt. & CP leadership. "Pravda," which had printed June 19 the official Chinese text of Pres. Mao Tse-tung's Feb. 27 speech on "contradictions," refrained from comment on the alleged Chinese rift but said that a June 22 Peiping "People's Daily" editorial had urged Chinese workers to organize a "decisive counter-attack" against critics of the Communist regime. [See p. 194G2-195G2]

Gen. Lung Scores USSR. Gen. Lung Yun, Communist Chinese Natl. Defense Com. Vice chairman, was reported by the Hsinhua (New China) News Agency June 20 to have criticized Soviet policies toward China & demanded whether Russia intended reimbursement of China for the removal of "huge quantities of industrial equipment" from Manchuria after World War II. In reports reaching Hong Kong June 23, the Hsinhua agency said that Lung, together with Gens. Huang Shao-shueng and Chen Ming-chu, had been denounced for "rightist deviation" June 22 by the Kuomintang Revolutionary Com., an organization of former Chiang Kai-shek followers who defected to the Communists. [See p. 195F2]

Lung, a former warlord & World War II aide to Chiang Kai-shek, was said to have protested that "it is totally unfair for" China to be required "to pay all expenses of the Korean war." Lung noted that "the [U.S.] has given up her claims for loans she granted to her allies during the first & 2d World Wars, yet the Soviet Union insists that China must pay interest on Soviet loans." Asserting that "China could not possibly reimburse the Soviet loans within 10 yrs. or more," Lung urged a "drastic cut in foreign aid" on the grounds that Red China had "lent too vast an amount" to neighboring countries.

Ko Vs. Peiping Govt. In an open letter to the Peiping "People's Daily," the first of its kind published by the CP newspaper, Prof. Ko Pei-chi of Peiping's People's U. asserted that "to kill Communists & to overthrow you cannot be called unpatriotic because you Communists are no longer of service to the people." Ko's denunciation, published in Peiping May 31 & reported from Hong Kong June 22, warned that "even if the Communist party is destroyed, China will not perish. This is because we will not become traitors even if there is no guidance of the Communist party."

(In an apparent effort to encourage & yet restrain the Cheng Feng [rectification] campaign begun by the Govt. the Peiping "People's Daily" indicated June 23 that while many "extremists" had taken advantage of the campaign, all Chinese had a right to join in the criticism. Dr. Lo Chung-chi, Timber Industry Min., and Chang Po-chun, Communications Min., both pro-Communist "democrats" were reported June 19 to be under sharp attack by the satellite "democratic" parties in the CP-led Natl. Front for their open criticism of the Peiping regime.)

Chou Warns Critics. Communist Chinese Premier Chou En-lai warned June 26 that Chinese non-Communists would be classified as "enemies of the people" if they persisted in criticism of the Peiping Govt. Chou, addressing the opening session of the Natl. People's Congress (Parlt.) in Peiping, rejected the idea of direct elections & a multi-party system as "bourgeois tricks" and said that CP leaders would "allow no wavering on the basic state system of our country." Chou said he hoped that critics of the Govt., "profiting by their own experience," would "repent & accept opportunities of remodeling themselves." [See p. 195A-D2]

(New security & police regulations, ordered by Pres. Mao Tse-tung, presumably to insure order during the Natl. People's Congress session, were broadcast June 26 by Peiping Radio.)

(The British Forgn. Office said June 21 that a majority of the 15-nation NATO Com. on China Trade [Chincom] had decided to relax restrictions on trade with Communist China. The French & Danish Govts. announced revision of their embargoes on trade with Communist China June 19, followed by the Italian Govt. June 21.) [See p. 195E3]

(Mrs. Franklin D. Roosevelt disclosed June 25 that the State Dept. had refused a request for permission to visit Communist China & interview members of the Peiping Govt.) [See p. 156A1]

Poles, Germans Back 'Titoism.' A Polish-East German statement on Communist party relations, made public June 21 in East Berlin, affirmed the Polish-Yugoslav-Chinese Communist theory of independent development & equality for all Communist states. Signed by Wladyslaw Gomulka, Polish United Workers party First Secy., & Walter Ulbricht, East German Socialist Unity party Secy., at the end of Polish-E. German talks in East Berlin June 18-20, the declaration demanded that "Socialist" principles "be applied creatively & take into consideration the historical conditions & national characteristics of each country." [See p. 170F2]

The declaration, marking the East German party's first indorsement of any deviation from Stalinism, followed the signing June 20 of a Polish-East German Govt. declaration reaffirming East Germany's Oder-Neisse

frontier & both nation's Warsaw Pact commitments. The Govt. declaration, signed by Polish Premier Jozef Cyrankiewicz & East German Premier Otto Grotewohl, supported Soviet CP First Secy. Nikita S. Khrushchev's plan for a Baltic neutrality zone and attacked the basing of NATO A-weapons on German territory. [See p. 162B1]

Tito Vs. Soviet Critics. Yugoslav Pres. Tito charged June 25 that although "some Eastern [European] countries" had paid "lip service" to better relations with Yugoslavia, they had issued "inside instructions to party members" denouncing Yugoslavia for revisionism & its cooperation with the West. Addressing a national conference of workers' council delegates in Belgrade, Tito warned the USSR & satellite states to "let everyone build Socialism as he knows how." Tito, who in a 65th birthday interview May 21 had predicted an end to the Yugoslav-Soviet rift, said that Yugoslavia did not want to force its social system on anyone else but would defend it against those "who are deaf & blind to the facts." [See p. 155C3]

(3 U.S. jet aircraft, the first to be delivered to Yugoslavia under the renewed U.S. military aid program, arrived in Belgrade May 18. The Yugoslav Govt. had warned May 17 that it was re-examining the U.S. aid resumption & expressed reservations at alleged U.S. statements that the aid would be at a slower rate than planned and would be contingent on a continued Yugoslav-Soviet rift. Gen. Ivan Gornjak, Yugoslav Defense Min., arrived in Moscow June 7 for a 2-wk. visit & talks with Marshall Georgi K. Zhukov, Soviet Defense Min.) [See p. 155B3]

(The Yugoslav Tanjug news agency reported May 20 that Albanian Maj. Gen. Panayot Plyaku, a member of the Albanian CP Central Com. & an Albanian Capt. M.n., recently had fled to Yugoslavia & asked political asylum.) [See p. 155F3]

Polish-Soviet Rift. Informed Polish sources reported June 24 that Soviet Dep. Premier Anastas I. Mikoyan had been sent to Warsaw June 15 in an effort to end a dispute said to have been caused by Khrushchev's brusque rejection of economic claims by Gomulka during Polish-Soviet talks in Moscow May 24-27. Khrushchev reportedly had refused a Polish bill for 300 million rubles (\$75 million) for postwar Polish transit facilities accorded the USSR. He was said to have warned the Poles that they could not go on "milking" the USSR and to have suggested that they look elsewhere, presumably to the U.S., for additional aid. [See p. 170F2]

(The U.S. House voted by 344 to 7 June 21 to authorize a one-year extension of the farm surplus disposal program & permit the sale of an additional \$1 billion worth of surpluses for foreign currencies. The bill, which went to Senate-House con-

ference committee, would authorize distribution of another \$300 million worth to the needy in the U.S. & overseas. The measure, necessary for full implementation of the U.S.-Polish aid agreement, passed after the House voted by 108-5 June 21 to reject an amendment aimed at exclusion of Poland from benefits of the surplus act.) [See p. 187B-G1]

Gomulka Controls Party. Gomulka and his "national" Communist supporters survived Stalinist attacks & consolidated their grip on the Polish CP leadership during the 9th plenary session of the United Workers' party Central Com. May 15-20 in Warsaw. After warning liberal "revisionists" May 15 to conform with CP policy or leave the party, Gomulka shifted May 18 to an attack on Stalinist party elements, rejecting any Polish "servility" to the USSR. Gomulka May 19 nominated 2 of his strongest backers, Zenon Kliszko & Jerzy Morawski, as Central Com. secretaries. Kliszko replaced ex-CP First Secy Edward Ochab, who was "relieved" of the Central Com. post May 19. [See p. 66B3]

The Central Com. meeting, first since the Oct. 1956 session that confirmed Gomulka in power, ended May 20 with a resolution warning that although a "Polish road to socialism" did not mean abandonment of Communist internationalism, "mechanical imitation" of the USSR during Stalin's regime had resulted in "ossification of Marxist thought." The resolution said that the party would press its "fight on 2 fronts" against "dogmatism" (Stalinism) & "revisionism" (liberalism). The Central Com. confirmed May 20 the expulsion from the party of former Politburo members Jakub Berma and Stanislaw Radkiewicz, and Mieczyslaw Mietkowski, former CP police committee chrmn. [See Vol. XVI, pp. 345B1-347B2, 186B2, 142G1]

(Polish Primate Stefan Cardinal Wyszynski returned to Warsaw June 19 from a visit to Italy & the Vatican, where he was invested as Cardinal May 18 by Pope Pius XII.) [See p. 187B2; Vol. XIII, 15G]

MIDDLE EAST

Egypt. A Cairo court June 22 sentenced James Swinburn, 52, British ex-manager of the Arab News Agency, and James Zarb, 37, Cairo born Maltese businessman of British citizenship, to terms, respectively, of 5 & 10 yrs. at hard labor on charges of having spied for Britain in an alleged British plot to overthrow the Egyptian Govt. 2 other Britons, John Thornton Stanley, 40, & Charles Pittuck, 47, were acquitted for lack of evidence. The court confirmed June 22 a death sentence for El-Sayed Amin Mahmoud, 51, a teacher & reportedly the key Egyptian member of the British ring. 3 others of the 16 Egyptians charged with complicity in the plot were sentenced June 22 to life imprisonment at hard labor. [See Vol.

XVI, pp. 289-F2, 282G1] . . . Egyptian police detained June 20 Charles A. Muses, 38, a U.S. archeologist, for investigation of charges that he attempted to smuggle out of Egypt antiquities found in a tomb near Cairo. [See p. 138B3] . . . A revised Egyptian espionage law decreed May 20 by Pres. Gamal Abdel Nasser authorized the death penalty for acts against the country including sabotage, libel, rumor spreading & insults to the President. [See p. 138C3] . . . Egyptian banking operations were ordered centralized under control of the Egyptian Natl. Bank June 24 by Presidential decree. (The Egyptian Govt., acting under "Egyptianization" decrees, seized the British owned Marconi Radio Telegraph Co. May 21 & Barclays Bank Mar. 25.) [See p. 45E2]

Aqaba. The U.S. State Dept., in a statement circulated June 23 to U.S. & shippers, affirmed the right of "free & innocent passage" through the Gulf of Aqaba. The State Dept. said that "the U.S. position is that the Gulf of Aqaba comprehends international water" & "no nation has the right to prevent passage" in the gulf or Straits of Tiran. Issued in response to queries from individual shipowners & masters, the statement urged that any "denial of free & innocent passage through these waters" be reported to U.S. diplomatic or consular officials [see pp. 146B3, 85D-G3]. (The Israeli Govt. warned Egypt June 19 against use of 3 recently delivered Soviet submarines to block the Gulf of Aqaba. State Secy. John Foster Dulles told newsmen June 25 that the Soviet submarine sale was part of a "studied effort" by the USSR to maintain "tension & the danger of war" in the Middle East.) [See pp. 195G3-196A1]

Jordan-Iraq Talks. A joint statement issued in Baghdad June 24, following 2 days of talks June 22-23 between Kings Faisal of Iraq & Hussein of Jordan, pledged the 2 states to defend each other & condemned intervention by other Arab states in each others' internal affairs. The communiqué strongly reaffirmed the 1947 Jordanian-Iraqi defense treaty "to maintain the complete independence of both kingdoms." Made public after Hussein's return to Jordan June 23, the communiqué failed to mention Hussein's reported request for £11 million (\$31 million) in aid from Iraq. [See pp. 196A2, 163D2, 154G3]

(Saudi Arabian King Saud recalled his ambassador to Syria June 25 in protest against criticism of himself & Jordanian King Hussein by Syrian Defense Min. Khaled el-Azm. Saud was said to have blocked all Syrian funds in Saudi Arabia June 19 & demanded immediate repayment of a \$6 million 1955 Saudi loan to Syria.) [See p. 196B2]

Suez Canal. Shareholders of the nationalized Universal Suez Canal Co. met in Paris June 25 and voted to continue the firm's operations by expand-

ing its investment, managerial & engineering functions into other fields. The canal firm's 100th annual meeting also approved amendments to its statute to insure its continued existence under French law despite the nationalization. The company reported net profits of 5,154,903,045 francs \$14,728,279) for 1956, a 50% drop from the 1955 figure. [See Vol. XVI, pp. 338F3, 197F2]

OTHER WORLD NEWS

UN Plans Korean Buildup. The UN Command for Korea informed North Korean & Communist Chinese delegates to the Joint Military Armistice Com. in Panmunjom June 21 that the UN no longer could be bound by 1953 Korean Armistice provisions controlling the importation of military equipment into Korea. The UN Command served notice that it would begin to modernize UN forces "to restore the relative balance of military strength that the armistice was intended to preserve." The UN statement, presented by USMC Maj. Gen. Homer L. Litzenberg, said that the UN Command had decided on abrogation of the Armistice section only after repeated Communist violations and the buildup of "vastly superior" Red forces. [See p. 163F3]

Murray Snyder, Asst. Defense Secy. for Public Affairs, commenting on a simultaneous U.S. Defense Dept. statement in support of the UN action, said June 21 that the U.S. immediately would reinforce its forces with new jet aircraft capable of carrying nuclear weapons. Snyder said, however, that contrary to recent statements by Defense Secy. Charles E. Wilson, no ground weapons capable of carrying nuclear warheads would be introduced into Korea. [See p. 154D1]

Maj. Gen. Jung Kuk Rok, head of the North Korean-Chinese Communist delegation in Panmunjom, warned June 21 that "your side should take full responsibility" for any renewal of fighting in Korea. North Korean Premier Kim Il Sung broadcast June 22 an appeal for a new conference on the partition of Korea and urged that "the unification of Korea should be left to the Koreans themselves by withdrawing all foreign troops from Korea." Jung demanded at Panmunjom June 26 that the UN abandon its planned buildup & join in a new international conference on Korea. [See p. 18E1, Vol. XVI, 199E3]

(South Korean Pres. Syngman Rhee, in a South Korean Army command shakeup May 18 believed due to rivalry between Gen. Chung Il Kwon, Joint Chiefs of Staff Chrmn., & Gen. Lee Hyung Keung, Army Chief of staff, named Chung Korean Amb. to Turkey & ordered Lee to the U.S. Army Cmnd. & Gen. Staff College at Ft. Leavenworth, Kans. Gen. Paik Sun Yup, South Korean First Army Cmrdr., was named to succeed Lee as ROK Army Chief of Staff.) [See p. 42E3]

U.S. Units to Leave Japan. A joint U.S.-Japanese communiqué, issued June 21 at the conclusion of talks in Washington June 19-21 between

Pres. Eisenhower & Japanese Premier Nobusuke Kishi, disclosed that the U.S. would begin a "prompt withdrawal" from Japan of all U.S. "ground combat forces." The communiqué said that the withdrawal would be carried out within one yr. It was not to affect U.S. Air Force & Navy units or installations, or Army units used to supply & support UN forces in Korea. The withdrawal was to be phased to the buildup of Japan's armed forces. [See pp. 178B3-179C1, Vol. XV, 287C2-E3]

Kishi, who reportedly had informed the President of Japan's intention to join Britain & other nations in expansion of its trade with Red China, expressed agreement with Mr. Eisenhower's stress on "the continuing need for 'control' exports of strategic materials" to Communist states but "pointed out the necessity for Japan to increase its trade." Mr. Eisenhower affirmed U.S. backing for Japan's "residual sovereignty" over the Bonin & Ryukyu Is. but denied Kishi's plea for immediate Japanese control of the area while "conditions of threat & tension exist in the Far East." [See pp. 131A3, 42E3, Vol. XVI, 396D2]

Kishi, who reportedly had submitted requests for up to \$500 million in U.S. aid, expressed "deep concern" over certain U.S. moves to restrict imports from Japan. However, he pledged Japan to take measures "for an orderly development of her exports to the U.S." Pres. Eisenhower said that he hoped "for the removal of local [U.S.] restrictions on the sale of Japanese products." [See pp. 167E1, 29E-F1]

(Kishi began his state visit to the U.S. June 17 in San Francisco, flew to Washington June 18-19, addressed separate sessions of the House & Senate June 20 and arrived in New York June 22. Addressing the Far East-America Council of Industry & Commerce in N.Y. June 25, Kishi appealed for "a fair chance in the American market" & said that long-term U.S. loans were "imperative needs in keeping Japan economically afloat." Kishi returned home June 5 from state visits May 20-June 4 to India, Burma, Ceylon, Pakistan, Thailand & Nationalist China.)

Formosa Shakeup. In a general revision of the Chinese Nationalist military leadership announced June 25, Gen. Wang She-ming, Air Force C-in-C., became Chief of the Nationalist Gen. Staff, replacing Gen. Peng Meng-chi, who succeeded Gen. Huang Chieh as Army C-in-C. Gen. Huang was named personal Chief of staff to Pres. Chiang Kai-shek to replace Gen. Huang Chen-chiu who became Taipeh garrison commander. Lt. Gen. Chen Chia-shang succeeded Gen. Wang as Air Force C-in-C. [See p. 170D2]

A Nationalist court martial in Taipeh June 26 sentenced Chen Cheng-chiu, accused of having led anti-U.S. riots May 24, to one yr. imprisonment. Lo Po-chen, another of 41 Chinese & Formosans on trial for participation in the riots, was sentenced to one yr. for having publicly burned a U.S. flag. [See p. 170G1-E2]

Canada. A Progressive-Conservative Cabt. headed by John Diefenbaker as Prime Minister was sworn in June 21 in Ottawa by Gov. Gen. Vincent Massey. The new Cabt., in which several posts temporarily remained vacant, contained only 2 Ministers from predominantly French Quebec Province, and only one—Solicitor General Leon Balcer—of French-Canadian origin. The Liberal Cabt. of ex-Prime Min. Louis St. Laurent had included 6 Ministers from Quebec. Diefenbaker, who temporarily retained the Ministry for External Affairs, told newsmen in Ottawa June 21 that he saw "no reason for a change" in Canadian foreign policy "now that Mr. [ex-External Affairs Secy. Lester B.] Pearson is on the other side of the House." Members of the new Cabt.: Prime Min. & State Secy. for External Affairs—Diefenbaker; Public Works—Howard Green; Finance—Donald Fleming; Transport—George Hees; Veterans Affairs—Alfred J. Brooks; Solicitor Gen.—Balcer; Defense—Maj. Gen. George R. Pearkes; Trade—Gordon Churchill; Justice—E. Davie Fulton; Natl. Revenue—George Nowlan; Northern Affairs—Douglass S. Harkness; State Secy.—Mrs. Ellen Fair-

clough (first woman to hold a Canadian Cabt. post); Fisheries—J. Angus MacLean; Labor—Michael Starr; Postmaster Gen.—William M. Hamilton; Mins. Without Portfolio—James M. Macdonnell, William J. Browne. [See p. 199C-G1]

The Council of the Northwest Territories, governing body for northern & arctic Canada, met for the first time June 4 in Frobisher Bay, Baffin I. [See p. 168G2] . . . Communist leaders J. B. Salsberg, Stewart Smith, Harry Binder & Sam Lipshitz resigned May 16 from the Labor-Progressive (Communist) Party in protest against its "Stalinist" acceptance of Soviet anti-Semitism & satellite policies. [See Vol. XVI, p. 388B3] . . . Canadian Amb.-to-U.S. Norman A. Robertson presented his credentials to Pres. Eisenhower May 17 & pledged continued Canadian-U.S. relations on a basis of "understanding friendship & mutual respect." The U.S. State Dept. had informed Canada Apr. 19 that "the attention of the appropriate executive agencies" was being drawn to Canadian demands for withholding of security data on Canadian citizens from the U.S. Congress. [See p. 124C1-D2]

NATIONAL AFFAIRS

THE PRESIDENT

Asks Federal-State Study. Pres. Eisenhower proposed June 24 the creation of a federal-state "task force" to plan a realignment of functions & taxes between the 2 levels of government. He suggested this in Williamsburg, Va. at the state dinner of the 49th annual Conf. of Governors.

The task force, he said, should: (1) "designate functions which the states are ready and willing to assume & finance that are now performed or financed" by the Fed. Govt.; (2) "recommend the federal & state revenue adjustments required to enable the states to assume such functions," and (3) "identify functions & responsibilities" likely to require attention in the future and recommend "the level of state effort, or federal effort, or both, that will be needed to assure effective action."

The President said the task force should specify (a) when the states were to assume specific functions, (b) "the amounts by which federal taxes should be reduced" and (c) "the increases in state revenues needed to support the transferred functions." He foresaw that "federal taxes would be cut more than state taxes would be raised to support the transferred functions" because of "the elimination of federal overhead."

Mr. Eisenhower conceded that, "opposed though I am to needless federal expansion, since 1953 I have found it necessary to urge federal action in some areas traditionally reserved to the states. In each instance state inaction, or inadequate action, coupled with undeniable national need, has

forced emergency federal intervention." He cited "classroom shortages" as a "prime example," and he warned that failure of the states to act might make it necessary for the Fed. Govt. to intervene in the problems of "slum clearance & urban renewal, problems caused by natural disaster, problems of traffic safety."

The President said that "a distinguished American scholar [identified later as Prof. Leonard D. White of the U. of Chicago] has only recently counseled us that in the measurable future, if present trends continue, the states are sure to degenerate into powerless satellites of the Natl. Govt. in Washington."

(The Governors voted June 26 to cooperate in Mr. Eisenhower's plan. They authorized the Governors Conf.'s new chairman, Gov. William G. Stratton [R., Ill.], & his executive committee to appoint Governor members of the proposed task force.)

Other Presidential News. Pres. Eisenhower's lukewarm indorsement of the House Labor Com.'s compromise school construction bill (HR1) was made public June 25 by Rep. Peter Frelinghuysen Jr. (R., N.J.), a committee member who had sought his opinion. The President, in a June 20 letter to Frelinghuysen, said he could not "pass judgment on all the details" of the bill but understood that "it adheres to principles which I consider basic to sound legislation on this subject." Frelinghuysen indicated that he did not think the letter would win votes for the bill from "those who are wavering." [See p. 171G1-A2] . . . Pres. Eisenhower told newsmen June

19 that he merely had been making "a wisecrack" when he suggested to GOP Congressmen that "it would be interesting to see" whether a private firm could run the Post Office with the same amount of money Congress voted for it. Such a thing, he said, "is as impossible in this country as talking about flying to the moon." . . . Pres. Eisenhower asked Congress June 25 to authorize him to award Presidential medals to civilians "in recognition of especially meritorious contributions to the public interest." The proposal had been worked out by a Presidential committee headed by Dr. Harold W. Dodds, retiring pres. of Princeton U. . . . Pres. Eisenhower was host to 40 Congressmen June 21 at his 3d breakfast for GOP House members. [See p. 196G2]

Appointments: June 19—Career diplomat H. Freeman Matthews, 58, as Amb. to Austria. June 24—Career diplomat Vinton Chapin, 57, as Amb. to Luxembourg; Stanley H. Rumbough Jr. of New York as 1957 chairman of the U.S. Com. for the UN.

CONGRESS

Senate Gets Rights Bill. In a move to keep the Senate Judiciary Com. from bottling up & killing the Eisenhower Admin.'s House-approved civil rights bill (HR6127), the Senate voted by 45-39 June 20 to by-pass the committee and put the bill directly on the Senate calendar.

The vote to by-pass the committee: 34 R.—Aiken (Vt.), Allott (Colo.), Barrett (Wyo.), Beall (Md.), Bennett (Utah), Bricker (O.), Bush (Conn.), Butler (Md.), Carlson (Kan.), Case (N.J.), Case (S.D.), Cooper (Ky.), Cotton (N.H.), Curtis (Neb.), Dirksen (Ill.), Dworshak (Ida.), Hickenlooper (Ia.), Hruska (Neb.), Ives (N.Y.), Javits (N.Y.), Jenner (Ind.), Knowland (Calif.), Kuchel (Calif.), Martin (Pa.), Morton (Ky.), Potter (Mich.), Purtell (Conn.), Revercomb (W. Va.), Saltonstall (Mass.), Schoeppel (Kan.), Smith (Me.), Thye (Minn.), Watkins (Utah), Wiley (Wis.). 11 D.—Carroll (Colo.), Church (Ida.), Clark (Pa.), Douglas (Ill.), Hennings (Mo.), Humphrey (Minn.), Jackson (Wash.), McNamara (Mich.), Neuberger (Ore.), Pastore (R.I.), Symington (Mo.).

Vs. by-passing: 34 D.—Anderson (N.M.), Bible (Nev.), Byrd (Va.), Eastland (Miss.), Ellender (La.), Ervin (N.C.), Frear (Del.), Fulbright (Ark.), Gore (Tenn.), Hayden (Ariz.), Hill (Ala.), Holland (Fla.), Johnson (Tex.), Kefauver (Tenn.), Kennedy (Mass.), Kerr (Okla.), Lausche (O.), Long (La.), Magnuson (Wash.), Mansfield (Mont.), McClellan (Ark.), Morse (Ore.), Murray (Mont.), O'Mahoney (Wyo.), Robertson (Va.), Russell (Ga.), Scott (N.C.), Smathers (Fla.), Sparkman (Ala.), Stennis (Miss.), Talmadge (Ga.), Thurmond (S.C.), Yarborough (Tex.). 5 R.—Goldwater (Ariz.), Malone (Nev.), Mundt (S.D.), Williams (Del.), Young (N.D.).

The by-passing maneuver was managed by Senate GOP leader William F. Knowland (Calif.), with Sen. Richard B. Russell (D., Ga.) heading the largely Southern-Democratic opposition. The test was on Russell's challenge to Knowland's move to put the bill on the calendar. Vice Pres. Nixon, presiding, had refused to rule on Knowland's proposal because he considered the issue more of substance than of procedure, but he announced his personal opinion that Knowland was right.

Opponents of the by-passing tactic included several pro-civil rights Dem-

ocrats who warned that the move could serve as a precedent for a single Senator to disrupt the Senate's orderly legislative procedure and force a bill to the calendar without committee study. They said this would mean that a floor majority at any time could decide the fate of a measure without its merits having been considered by a committee.

The Senate agreed informally June 21 to open debate on the civil rights bill July 8. [See p. 198E-G2]

Hells Canyon Dam Voted. The Senate, by 45-38 vote June 21, passed and sent to the House an Admin.-opposed bill (S555) to authorize a \$500 million high (722-ft.) federal dam at Hells Canyon on the Oregon-Idaho border. This would make necessary the abandonment of 3 private low dams (2 already under construction) that the Admin. had licensed the Idaho Power Co. to build there, but the bill provided for indemnifying the company.

The vote for a federal dam: 40 D.—Anderson (N.M.), Bible (Nev.), Carroll (Colo.), Chavez (N.M.), Church (Ida.), Clark (Pa.), Douglas (Ill.), Eastland (Miss.), Ellender (La.), Ervin (N.C.), Fulbright (Ark.), Gore (Tenn.), Green (R.I.), Hayden (Ariz.), Hennings (Mo.), Hill (Ala.), Humphrey (Minn.), Jackson (Wash.), Johnson (S.C.), Kefauver (Tenn.), Kennedy (Mass.), Kerr (Okla.), Long (La.), Magnuson (Wash.), Mansfield (Mont.), McClellan (Ark.), McNamara (Mich.), Morse (Ore.), Murray (Mont.), Neuberger (Ore.), O'Mahoney (Wyo.), Pastore (R.I.), Russell (Ga.), Scott (N.C.), Smathers (Fla.), Sparkman (Ala.), Stennis (Miss.), Symington (Mo.), Talmadge (Ga.), Yarborough (Tex.). 5 R.—Aiken (Vt.), Cooper (Ky.), Langer (N.D.), Smith (Me.), Wiley (Wis.).

Vs. a federal dam: 33 R.—Allott (Colo.), Barrett (Wyo.), Beall (Md.), Bennett (Utah), Bricker (O.), Bush (Conn.), Butler (Md.), Carlson (Kan.), Case (N.J.), Case (S.D.), Cotton (N.H.), Curtis (Neb.), Dirksen (Ill.), Dworshak (Ida.), Flanders (Vt.), Goldwater (Ariz.), Hickenlooper (Ia.), Hruska (Neb.), Ives (N.Y.), Javits (N.Y.), Kuchel (Calif.), Malone (Nev.), Martin (Ia.), Martin (Pa.), Morton (Ky.), Mundt (S.D.), Payne (Me.), Potter (Mich.), Purtell (Conn.), Saltonstall (Mass.), Schoeppel (Kan.), Watkins (Utah), Williams (Del.). 5 D.—Byrd (Va.), Frear (Del.), Lausche (O.), Robertson (Va.), Thurmond (S.C.).

(T. E. Roach, Idaho Power pres., announced June 20 that he was renouncing rapid tax write-offs that Defense Mobilization Dir. Gordon Gray had granted his company for its Hells Canyon dams. Gray had invoked "executive privilege" June 18 in refusing to give the Senate Anti-Monopoly Subcom. a memo on the case written by his predecessor, Arthur S. Flemming. He refused on similar grounds to discuss conversations about the matter that he might have had with Presidential aide Sherman Adams or others in the White House. Pres. Eisenhower defended Gray's stand at his press conference June 19.) [See p. 189D-F1]

Dam-Rights Deal Charged. Senator Charles E. Potter (R., Mich.) charged June 21 and GOP Natl. Chrmn. Meade Alcorn said June 23 that several Northern Democrats in the Senate had sold out the civil rights bill by voting against by-passing the Senate Judiciary Com. [see col. 1 above] in return for Southern votes for a federal Hells Canyon dam.

Potter named no names, but Alcorn

said "self-styled liberals" who "sold out civil rights" were Sens. Mike Mansfield (Mont.), Wayne Morse (Ore.), John F. Kennedy (Mass.), Warren G. Magnuson (Wash.), James E. Murray (Mont.) & Joseph C. O'Mahoney (Wyo.). Alcorn said votes for the Hells Canyon bill were cast by 5 Southern Democrats who "in other years voted against Hells Canyon. Obviously there was a deal. . . ." The 5 Southerners who switched from opposing to favorable votes for the dam were Sens. James O. Eastland (Miss.), Sam J. Ervin Jr. (N.C.), Russell B. Long (La.), Richard B. Russell (Ga.) & George A. Smathers (Fla.).

Morse & Mansfield immediately denied that there had been any "deal" or "trades" among Democrats.

Financial Policy Probed. Treasury Secy. George M. Humphrey defended the Admin.'s "tight-money" & other financial policies against Democratic criticism during Senate Finance Com. hearings June 18-25.

Humphrey read to the committee June 18 a 15,000-word statement asserting that the Admin. had achieved "a record of unequaled prosperity with both the blessings & the problems of such a period." "We have not achieved perfection," he conceded. "We have been unable to fully accomplish some of our debt management objectives. We have perhaps checked but not entirely stopped inflationary pressures. . . . Not every business has prospered as much as it might, nor every citizen had all of the comforts he would enjoy." But the admin., he said, had cut Govt. spending, balanced the budget, achieved a "record-breaking tax reduction," "offset a threatened decline in employment & business activity in 1953-54," slowed inflationary price increases, "encouraged an expansion of enterprise to new high levels" and "slowed the growth of inflationary credit."

Continuation of "tight-money," even if it meant further increases in interest rates, was essential in the war against the continued threat of inflation, Humphrey declared. He insisted that the policy had caused no decline in credit nor serious harm to small business, housing or other sectors of the economy.

Humphrey indicated a belief that prosperity was a key cause of the inflationary pressures. With almost full employment at record wages, "our people are buying virtually all that they are producing, but they want to buy more, both more consumer goods & more productive facilities," he reported. "Confident of the future," Americans "desire to borrow to buy more" and have "fully utilized" most borrowing resources, Humphrey said. He warned that additional credit "would not put any more people to work, it would merely provide additional demand in excess of the supply of both labor & goods" and "cause a rise in prices." Admin. action to forestall this rise consisted, he said, of (a) encouraging "an increase in productive facilities which is the only

way to increase the supply of goods" and (b) restraining "a too-rapid growth in the number of borrowed dollars available to bid up the price of the limited supply of goods & services."

Sen. Robert S. Kerr (D., Okla.) wrung from Humphrey June 21 the admission that the Eisenhower Admin. had not cut non-defense Govt. spending below the Truman Admin. level and actually proposed to spend in fiscal 1958 \$6.4 billion more for non-defense items than the Truman Admin. had spent in its final year. Kerr drew from Humphrey an admission that the 3.8% rise in consumer prices of the previous 12 months was greater than the annual average for the Truman Admin.'s final 5 years (including the years of the Korean war.) Humphrey retorted that "the best year your [Democratic] Admin. had in 12 or 13 years was a little better than our worst year but below the average of our last 4 years." Kerr chided him for "unfairness in including a comparison" of the World War II years.

Kerr June 21 cited statistics showing that federal court bankruptcies (personal as well as business) in fiscal 1957 were the highest in history, but Humphrey replied that the rate of business failures, which he considered more significant, was below that of the 1930s. Kerr quoted speeches early in the Eisenhower Admin. in which Humphrey had assailed the Truman Admin. for the large proportion of the Govt. debt maturing within 5 years or redeemable on demand. Humphrey admitted that the proportion of such debt probably had increased since then and conceded that "we did not accomplish what we wanted to." Humphrey acknowledged June 25 that his tight-money policy was at least partly to blame for this. He agreed that the heavy concentration of short-term Govt. debt was part of what he had denounced as "the mess we inherited" from the Truman Admin. and said that "to the extent that was part of it, my successor is going to find no improvement in the mess."

Humphrey reported in his June 18 statement that labor income "has increased from 67.2% of national income in 1952 to 69.8% in 1956 while corporate profits declined from 12.7% of national income to 11.9%." Kerr charged June 25, however, that the Eisenhower Admin. had allowed "big business to reinforce its position & its share of the economy; while the farm industry has been almost bankrupted, small business had been penalized and jeopardized and those in the lending business have increased their share by 40%." This was evidenced, he said, by figures showing that labor's share of the income had risen only 3.7% under the Eisenhower Admin., unincorporated business' share had declined 4½%, the farm share had dropped 36½%, corporate profits had increased 16.4% and the share derived from interest had zoomed 40%. [See pp. 156F-G2, 148-F3, 133F1, 110A-B1, 41A1]

(Humphrey had told a Joint Eco-

nomic subcommittee June 14 that there was no chance of a tax cut in fiscal 1958 "unless very great changes are made that I do not expect." Fed. Reserve Board Chrmn. William McChesney Martin Jr. told the subcommittee the same day that a tax cut would eliminate the 1958 budget surplus and make the FRB's inflation-curbing job "well-nigh impossible." Budget Dir. Percival F. Brundage, testifying June 13, opposed a suggested Jan. 1, 1958 tax cut but said he had hopes of some cut for "part, at least," of fiscal 1959. He said predictions that federal expenditures in fiscal 1958 would exceed Pres. Eisenhower's budget estimates were "premature." Some of the increased fiscal 1957 spending covered items of "anticipated expenditures planned for 1958 & 1959," he said, so "offsetting reductions" might appear in fiscal 1958.) [See p. 180E-F2]

Appropriations. An \$85,669,925 supplemental appropriation to finance some 50 Govt. agencies for the rest of fiscal 1957 (through June 30) was passed by the House June 18 & the Senate June 19 and sent to the President. The Senate yielded to the House's action in: (a) refusing, by 218-186, to provide \$14 million to get the Fed. Flood Indemnity Admin. started; (b) rejecting by 156-47, a Senate amendment adding \$30 million to continue Govt. purchase (and thereby subsidize the production) of tungsten & other minerals no longer needed for stock-piling. The bill, originally carrying \$79,840,788, had been passed initially by the House May 7 after a 127-97 vote rejecting the flood insurance funds. The Senate had increased it to \$142,342,045 (more than half of the increase being for the flood insurance & mineral subsidy items) and returned it to the House by a 70-5 vote May 20. [See p. 65A-B3]

The House June 19 passed and sent to the Senate a \$814,813,023 appropriation (the "pork barrel" bill) providing funds for 285 local & regional flood control, river and harbor, irrigation, reclamation & other public works projects of the Interior Dept. & Army Engineers. It was \$52,521,977 less than Pres. Eisenhower had requested.

Other Legislation. A bill to make the 4-yr.-old Small Business Admin. permanent and to expand its powers was passed by 392-2 House vote and sent to the Senate June 25. The bill would cut SBA interest rates from 6% to 5% but end the 6% ceiling on interest charged by private lenders participating in SBA loans. It would increase the ceiling on outstanding SBA loans of federal money from \$230 million to \$500 million. Rep. Wright Patman (D., Tex.) was defeated in efforts to limit SBA's extension to 4 years and to raise the maximum SBA loan to any firm from \$250,000 to \$1 million. [See pp. 28D-E2, 23B1]

A 429-page omnibus bill (HR7125) calling for the first over-all revision of federal excise tax laws in 25 years was passed by House voice vote and sent to the Senate June 20. Among its provisions: Cigarette tax stamps would be abolished, and manufacturers

MATERIAL GAINS claimed for the Eisenhower Admin. by Treasury Secy. Humphrey June 18:

"Average annual family income, after federal income taxes, has increased from less than \$4,600 to an estimated \$5,200. . . . Almost 5 million families have moved into new homes. . . . Almost 30 million families own their own homes today, an increase of 13%. . . . The number of homes with electric refrigerators has increased from 38 million to 45½ million. . . . The number of homes with food freezers has increased from 5 million to 8½ million, the number with clothes dryers (either electric or gas) from 1½ million to 5 million, and the number with television sets from 21 million to 38½ million. The number of families owning automobiles has increased from 31 million to 37 million." "The number of life insurance policies increased from 219 million in 1952 to an estimated 265 million in 1956 . . . and the number of persons covered by hospital insurance increased from 91 million to 112 million."

would pay the 8¢-a-pack tax after shipment; parochial & other non-profit private schools would be exempt from excise taxes; no transportation tax would be charged for ferry boats carrying only passengers & vehicles or for air taxis carrying fewer than 10 passengers and not operating on established routes; distillers would be allowed to age whiskey in bonded warehouses for up to 20 years (current limit: 8 years) before paying the \$10.50-a-gal. federal excise tax [see p. 143E3]; a new 10% tax would be imposed on manufacturers' sale prices of tape & wire recorders and record-players; a new 5% tax would be imposed on manufacturers' sale prices of electric, gas & oil incinerator units and gas & oil garbage-disposal units (electric garbage-disposal units already being taxed). The bill was expected to result in a \$15 million cut in the \$10 billion annual excise tax revenues.

A bill (HR7536) extending the War Power Act for another year (to June 30, 1958) was passed by unanimous House vote and sent to the Senate June 17. It continued the President's special mobilization & defense-contract authority. [See Vol. XV, p. 11B2]

Chrmn. Tom Murray (D., Tenn.) of the House Post Office & Civil Svc. Com. made public June 24 a letter in which Pres. Eisenhower opposed "general pay increases" for Govt. workers "at this time" because they "would seriously impede our progress" toward tax cuts. A bill to raise postal pay was opposed in testimony before the committee by Asst. Budget Dir. Robert E. Merriam June 21, Treasury Secy. Humphrey June 24 & Postmaster Gen. Arthur E. Summerfield June 25. Merriam warned that such a raise would be inflationary and would result in raise demands from other Govt. employees. Summerfield said the proposed postal raise was exorbitant and might necessitate an increase in first-class mail to 7¢. A bill (HR-5836) providing for a \$462 million annual increase in postal rates had been approved by the committee May 23. It called for an increase in first-class mail to 4¢, in postcards to 3¢, in air mail to 7¢. 2d-class, 3d-class & book mail also would face stiff in-

creases under the bill. The bill had been proposed by the Admin. and backed in testimony before the committee by officials of the Natl. Assn. of Postmasters Mar. 20 & by Rep. John Taber (R., N.Y.) of the House Appropriations Com. Mar. 29. Ex-Postmasters Gen. James A. Farley & Jesse M. Donaldson also supported the bill in letters released Apr. 9. [See pp. 165E-F1, 108G3, 90A1]

The House passed by voice vote and sent to the President June 24 a bill (S2243) requiring authorization of the Joint Atomic Energy Com. & Congress before any atomic power plant could be built by the Govt. or by private industry with Govt. aid. (The joint committee May 2 approved a bill to provide Govt. insurance against atomic accidents. Atomic plant operators, designers or builders would be charged a small premium, and the Govt. would be responsible for their damage claims up to the statutory limit of \$500 million.) [See p. 98E-G1]

OTHER U.S. NEWS

Baker Union Probed. James G. Cross, \$30,000-a-yr. pres. of the 165,000-member AFL-CIO Bakery & Confectionery Workers Intl. Union, denied at hearings of the Select Senate Com. on Improper Labor-Management Activities June 19-20 that he had given union money to a convicted prostitute for personal reasons or that he had accepted \$97,600 in loans from an Illinois bakery to sell out his union in contract negotiations.

The prostitute, Kay Lower (also known as Mrs. F. K. or Elsie L. Thorpe) of Los Angeles, had invoked the 5th Amend. repeatedly June 7 in refusing to tell the committee about her relationship with Cross, about her alleged activities at union conventions in various cities or about what she had done to earn money she had received from Cross & the union.

Cross told the committee June 19 that Miss Lower had been employed by the union as an "unorthodox," "secret" organizer, that her frequent trips with him were for business and that he had given her union money only for union work. He said June 20 that the union had paid her at least \$5,000 or \$6,000. But Cross refused June 19 to discuss any non-union dealings he may have had with her on grounds that "this question is [not] within the scope of the investigation." Cross said he had not known of Miss Lower's police record until Mar. 1957 and that she had been off the payroll since then.

Miss Lower had refused June 7 to testify about a report that she had used a \$500 union check as a payment on a diamond ring for Cross and that she had complained to Los Angeles police that Cross had "beat her up" for giving the ring to another man. Cross told the committee June 19 that the story was "not true."

Cross admitted June 20 that Martin S. Philipsborn Jr., son of a founder

of the Zion (Ill.) Industries, Inc. baking firm, had lent him \$57,600 in Feb. 1955 to buy a Washington home and \$40,000 in Aug. 1956 to buy a Palm Beach (Fla.) home. The latter loan was made while Philipsborn was company negotiator in contract talks with the union. During this period, Cross called off a scheduled Zion Industries strike and settled for a contract assailed by local union officials as "substandard."

Cross insisted June 20 that the Philipsborn loans were given him because of personal friendship, that the Zion Industries contract was comparable with those of "small independent" firms (but not as advantageous to the workers as those with big companies) and that the strike was called off "not because of any loans I received" but "because we wanted to use the pressure of the bakery employees to force Zion Industries to withdraw their opposition to our organizing their candy plant."

George L. Stuart, who had resigned as the union's vice pres. Mar. 31, invoked the 5th Amend. 24 times June 6 in refusing to discuss his alleged misappropriation of "in excess of \$40,000" in cash & for such items as cars, a \$375 cocktail set, jewelry, clothing, a hi-fi & a \$539.32 bed.

Gilbert Mann, ex-pres. of defunct Chicago Local 100, testified June 18 that Stuart had threatened him with a gun in 1955, forced him to resign and had taken over the local.

Joseph G. Kane, pres. of N.Y. Local 535, testified June 18 that because he had opposed Cross' efforts to change the union constitution at the union's San Francisco convention in Oct. 1956, Stuart had "put a gun in my back" and Cross, protected by Stuart & a "goon" named Frank Gardone, had "beat me up." Kane said Cross was a "dictator" who had

changed the union constitution to tighten his grip on the presidency & on the union's money. Kane charged that after his beating, he was forced to accompany Cross & the others to the hotel rooms of Louis Genuth, secy.-treasurer of N. Y. Local 51, who was beaten, & of Nathan Ehrlich, pres. of N.Y. Local 50, who, with his wife, was pushed around. Cross, at the June 20 hearing, denied the beating charges. He had made a similar denial before a San Francisco grand jury.

Curtis R. Sims testified June 18 that he had filed charges of misuse of union funds against Stuart and Cross Mar. 3, that the union executive board had cleared them Mar. 7 and had suspended him (Sims) as secy.-treasurer of the union Mar. 8. (Sims had been tried & convicted by the board Mar. 27 on charges of violating the union constitution by making his charges public before submitting them to the board.) Sims said the union had paid more than \$26,000 in legal fees to try to clear Cross & Stuart of charges resulting from the San Francisco "fracas." (Sims' charges had touched off the inquiry.)

Max Kralstein, 57, the union's vice pres., admitted to the committee June 7 that a testimonial dinner had netted him more than \$56,000 in cash plus a fur coat for his wife & a portrait of himself. He vigorously defended the practice of soliciting bakery owners & employees for funds for such testimonials despite testimony & affidavits from bakery owners that the money was virtual extortion which they paid to avoid "trouble with the union." Kralstein said that AFL-CIO Secy.-Treasurer William F. Schnitzler, an ex-pres. of the Bakery Workers, had received a \$4,000 Cadillac from such a testimonial. Kralstein admitted benefiting from at least 2 and said that Cross had received \$10,000 or \$12,000 to cover a mortgage on a home from one.

Frank Dutto, organization director of N.Y. Local 3 & idea man for Kralstein's testimonial, told the committee June 7 that "I am not now a member of the Communist Party," but he invoked the 5th Amend. in refusing to say whether he had been before 1950.



Business & Financial Summary

Week Ended June 22

FINANCE:

U.S. Treasury—	This Week	Last Week	Year Ago
Monetary gold stocks	\$22,621	\$22,621	\$21,798
Currency circulation	\$30,904	\$30,903	\$30,541

Banks—

Com'l, ind'l & agri'l loans\$..	\$21,519	\$31,170	\$28,258
N. Y. bank clearings	\$12,351,012,257	\$10,603,020,683	\$12,385,969,813
English note circulation	\$1,980,472	\$1,976,612	\$1,879,135

N. Y. Stock Exchange—

Stock sales (shares)	10,902,995	13,229,401	7,997,230
Stock avgs. (100 stocks)**	206.34	209.87	206.25
Bond sales (par value)	\$24,130,500	\$21,269,000	\$14,533,500
Bond avgs. (30 bonds)**	87.45	87.87	96.25

INDUSTRY:

Auto output (cars & trucks)†	142,317	148,120	126,836
Crude oil (bbls. daily)	7,294,050	7,337,950	7,065,650
Soft-coal output (tons)	10,020,000	8,900,000	9,703,000
Electric output (kwh.)	\$11,958	\$11,550	\$11,425
Carloadings (cars)	746,125	733,477	801,428

PRICES:

Wheat (bu.)	\$2.61	\$2.65½	\$2.44¼
Corn (bu.)	\$1.57½	\$1.56¾	\$1.78¼
Cotton (lb.)	\$354	\$355	\$366
Steel scrap avg. (ton)	\$56.17	\$54.83	\$44.83
Wholesale food index‡	\$6.20	\$6.22	\$6.09
Weekly whsl. index (BLS)¶ ..	117.3	117.5	114.0

BUSINESS:

Dept. store sales§¶	125	125	131
Failures (June 13)‡	265	289	286

* In millions ** N. Y. Herald Tribune † Ward's estimate ‡ Dun & Bradstreet ¶ 1947-49=100 § Fed. Reserve Board ¶ Member banks, 94 cities, June 12 b June 15 c June 8 d June 18